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SUBJECT: KIBRI INVESTIGATION PROVIDES SNAPSHOT OF POLITICS
AND CORRUPTION IN BANGLADESH

Classified By: Pol/Econ Counselor D.C. McCullough; reason 1.4(b, d)

¶1. (C) Police investigators of the murder of Awami League leader SMS Kibria examined the financial records of the accused mastermind, Abdul Quayyum, a businessman turned local BNP politician, who allegedly planned the murder of sitting parliamentarian Kibria and sought to frame his chief BNP rival for the crime. Their investigation implicates Quayyum in a range of questionable transactions that enabled him to amass assets worth more than \$200,000 on an annual salary of just \$7,500.

¶2. (C) In their report, provided to us along with supporting documentation as part of the BDG's consultative process with the FBI, investigators paint a picture of a poor orphan who engaged in a wide range of criminal activities to amass personal wealth and prestige as a successful businessman. They believe Quayyum's wealth derived from several sources:

-- Rangs Limited, a major trading house, funded the purchase of pre-IPO shares in Bank Asia by Quayyum, allegedly acting as an undisclosed nominee for the benefit of Rangs Group Vice Chairman Abdur Rouf Chowdhury, who was also a director of Bank Asia. Bank Asia's directors were not allowed to purchase the pre-IPO shares. Quayyum was apparently chosen because he was the deputy general manager of a Rangs affiliated company, Sea Resource Private Ltd. Investigators uncovered transaction flows of more than \$435,000 through Quayyum's joint bank accounts (with his wife, Suraiya Afroze) at Bank Asia and Commercial Bank of Ceylon, Ltd. (Dhaka branch). They also recovered savings bonds worth \$128,000 purchased over a two-year period and registered in the names of Quayyum, his wife, and his two sons, Ruhul Quayyum and Faisal Quayyum. Investigators describe Suraiya Afroze as a housewife with no independent income. Investigators say Quayyum used his connections with directors of Rangs to fund these purchases.

-- Quayyum established a charitable organization, Shahid Zia Memorial & Research Council, moving more than \$70,000 through accounts at two separate banks. Some of these funds allegedly came from a government grant to the NGO for an education project. Investigators allege Quayyum established the NGO to further his political ambitions and then diverted the NGO's funds to his personal use.

-- Quayyum was a member of a securities firm, Sar Securities Ltd. Investigators cite a six-month period in 2004 in which he apparently sold more shares than he purchased, ending up with nearly 4,000 shares of Bank Asia worth \$12,700.

-- Investigators also cited a lavish life style, noting Quayyum's expenses and charitable donations were three times his monthly income. Quayyum owns an apartment worth \$40,000 purportedly purchased from Eastern Housing, but could not explain the source of the purchase money.

-- Finally, when they arrested Quayyum, investigators reportedly seized from his office official stamps of the Registrar of Companies and customs officials, presumably used in various fraudulent document schemes.

¶4. (C) Comment: The investigation of Quayyum's finances illustrates the pervasive weaknesses in Bangladeshi institutions. The investigation implicates a major trading house in stock market manipulation and abuse by its officers of their position on the board of a local bank. Moreover, the unusual transaction flows in Quayyum's bank accounts should have triggered suspicious activity reports and investigations under Bangladesh's anti-money laundering laws.

Quayyum's activities as a securities dealer call into question the quality of securities regulation, while his formation of an apparent shell NGO and abuse of government contracts illustrates problems with the government's licensing and regulation of NGOs. Although Quayyum's political ambitions have been stymied, many successful politicians are believed to rely on equally questionable financial dealings to generate the wealth underpinning their political careers.

CHAMMAS